

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-12 ISO-00 NEA-10 IO-14 AID-05 CIAE-00
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USADB

PASS TREASURY FOR SHERK

E.O. 11652: N/A
TAGS: EAID, EFIN
SUBJ: ADB STAFF HOUSING SCHEME STATUS

THE FOLLOWING CABLE IS A STATUS REPORT ON THE ADB STAFF
HOUSING SCHEME.

1. IN MID 1975 THE ADB STAFF HOUSING SITUATION WAS BROUGHT
UP FOR REVIEW BECAUSE OF THE RAPID ESCALATION OF HOUSING
RENTALS IN THE GREATER MANILA AREA. BANK ADMINISTRATION
MADE A PRELIMINARY ANALYSIS TO DETERMINE THE EXTENT TO
WHICH THE BANK COULD HELP AMELIORATE THE GROWING HOUSING
PROBLEM OF ITS STAFF.

2. VARIOUS FORMS OF BANK ASSISTANCE TO STAFF WERE CONSIDERED
SUCH AS IMMEDIATE HELP THROUGH A RENTAL SUBSIDY, GRANT OF
LOW INTEREST HOUSING LOAN FOR THE PURCHASE OF CONDOMINIUMS
AND DIRECT BANK FINANCING OF A STAFF HOUSING COMPLEX. THE
LATTER WAS DEEMED TO BE A POSSIBLE LONG-TERM SOLUTION
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TO THE HOUSING PROBLEM, HOWEVER, RENTAL SUBSIDY FOR
PROFESSIONAL STAFF WAS AGREED AS THE BEST SHORT-
RUN SOLUTION WITH THE PROVISIO THAT THE RENTAL SUBSIDY
WOULD BE SUBJECT TO ANNUAL REVIEW TO DETERMINE IF IT
MERITED CONTINUATION. THE RENTAL SUBSIDY WAS APPROVED
BY THE BOARD OF DIRECTORS IN SEPTEMBER 1975.

3. IN LATE 1977 THE BOARD OF DIRECTORS RECEIVED A BANK STAFF REPORT BASED ON A PRELIMINARY PROPOSAL PREPARED BY A FIRM OF ARCHITECTS AND ENGINEERS FOR CONSTRUCTING HOUSES ON EITHER PURCHASED OR LEASED LAND. THE REPORT ALSO PROJECTED A TENTATIVE PROPOSAL FOR AMORTIZATION OF THE COST OF THE SCHEME. THE REPORT INDICATED THAT LAND IS AVAILABLE IN VARIOUS PARTS OF METRO MANILA AND SURROUNDING AREAS AND RECOMMENDED THE PURCHASE OF UNDEVELOPED LAND AS THE MOST ECONOMICAL APPROACH FOR CONSTRUCTING ADEQUATE HOUSING FOR ITS STAFF. THE ENGINEERING FIRM PROJECTED THAT THE COST OF CONSTRUCTION AND PURCHASE OR LEASING OF LAND COULD BE AMORTIZED OVER A PERIOD OF 25 YEARS AT AN INTEREST RATE OF 10 PERCENT TO BE PAID BY STAFF OCCUPANTS OF THE HOUSING UNITS. RENTALS WERE ESTIMATED TO BE LOWER THAN THOSE PAID BY BANK STAFF IN MAKATI VILLAGES. MANAGEMENT INFORMED THE BOARD THAT IT WAS TAKING THE NECESSARY STEPS TO OBTAIN THE SERVICES OF A CONSULTANT IN ORDER TO DETERMINE THE FEASIBILITY OF A STAFF HOUSING SCHEME.

4. IN THE BOARD MEETING OF 8 SEPTEMBER 1977, THE BOARD AGREED THAT A DETAILED STUDY WAS NECESSARY, AND AT THE SAME TIME RECOMMENDED TO CONTINUE THE TEMPORARY EXPEDIENT OF A RENTAL SUBSIDY. AN INTER-OFFICE WORKING GROUP WAS ESTABLISHED IN SEPTEMBER 1977 TO DETERMINE THE SCOPE
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OF THE STUDY AND HOW BEST TO PROCEED. IT WAS DECIDED TO ENGAGE THE SERVICES OF A CONSULTING FIRM TO DETERMINE THE FEASIBILITY OF A BANK HOUSING SCHEME.

5. THE BANK LOOKED INTO THE LEGAL ASPECTS OF ACQUIRING LAND FOR ITS PURPOSES IN THE PHILIPPINES. WHILE A FORMAL RESPONSE TO THIS QUESTION HAS NOT AS YET BEEN RECEIVED FROM THE PHILIPPINE GOVERNMENT, BANK'S COUNSEL DOES NOT CONSIDER THIS TO BE A CRITICAL MATTER REQUIRING IMMEDIATE RESOLUTION, BUT RATHER ONE WHICH WOULD HAVE TO BE WORKED OUT IN THE COURSE OF THE PROPOSED FEASIBILITY STUDY.

6. IN A FOLLOW-UP STUDY OF ITS OWN STAFF, THE BANK ASKED ITS PROFESSIONAL STAFF TO COMPLETE A QUESTIONNAIRE ON THE PROSPECTIVE HOUSING SCHEME. OF THOSE QUERIED, 225 REPLIED WITH OVER 200 PROVIDING SUPPORT FOR A HOUSING SCHEME, WITH A SUGGESTION THAT THE SCHEME BE VIGOROUSLY PURSUED BY THE BANK.

7. IN A RECENT MEMORANDUM TO THE ADMINISTRATION DEPARTMENT, THE PROFESSIONAL STAFF HOUSING COMMITTEE

OF THE STAFF ASSOCIATION SUGGESTED THAT BEFORE PROCEEDING TO TAKE ANY DEFINITE ACTION TOWARD DEVELOPMENT OF A HOUSING PROJECT, THAT AN INDEPENDENT STUDY BY A FIRM OF CONSULTANTS BE UNDERTAKEN TO DETERMINE THE FEASIBILITY OF THE SCHEME AS TO ITS FINANCIAL MANAGERIAL, AND LEGAL ASPECTS. THE ASSOCIATION FULLY ENDORSED THE STEPS BEING TAKEN BY THE ADMINISTRATION FOR THE CONSULTANTS' STUDY. IT WAS ALSO SUGGESTED THAT PROPOSALS BY LAND OWNERS, HOUSING DEVELOPERS, OR PROJECT FIRMS BE TAKEN INTO CONSIDERATION BY THE CONSULTANTS WHO WERE TO BE APPOINTED BY THE BANK. FINANCIAL AND TECHNICAL VIABILITY, SITE SELECTION, TYPES OF HOUSES TO BE CONSTRUCTED, FACILITIES TO BE PROVIDED IN THE COMPLEX AND MAINTENANCE OF THE COMPLEX WERE CONSIDERED TO BE THE UNCLASSIFIED

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MOST IMPORTANT ASPECTS OF THE PROPOSED STUDY.

8. FINALLY, THE ADB WORKING GROUP CONSIDERS THAT INASMUCH AS THIS PROJECT LENDS ITSELF TO REVIEW AND APPROVAL PROCEDURES USED BY THE BANK, SUCH NORMAL BANK PROJECT STANDARDS SHOULD BE FOLLOWED, BEGINNING WITH A PRE-FEASIBILITY STUDY AND EVALUATION OF FEASIBLE ALTERNATIVES.

9. THE CONSULTANTS' REPORT IS EXPECTED TO BE AVAILABLE IN JUNE OR JULY FOR BOARD ACTION.
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